

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT, HEAT)
AND POWER COMPANY FOR APPROVAL OF) Case No.
FIXED BILL PROGRAM RIDERS APPLICABLE TO) 2004-00503
RESIDENTIAL CUSTOMERS)

**SUPPLEMENTAL REQUEST FOR INFORMATION
POSED BY THE ATTORNEY GENERAL**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Supplemental Request for Information to Union Light, Heat and Power Company to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

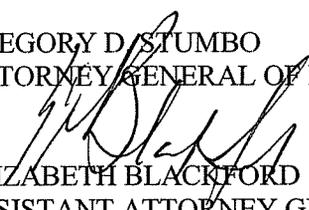
(7) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

Respectfully submitted,

GREGORY D. STUMBO
ATTORNEY GENERAL OF KENTUCKY

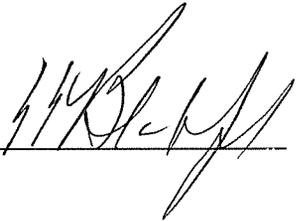


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CERTIFICATE OF SERVICE AND NOTICE OF FILING

I hereby give notice that this the 22nd day of February, 2005, I have filed the original and ten copies of the foregoing Supplemental Request for Information with the Kentucky Public Service Commission at 211 Sower Boulevard, Frankfort, Kentucky, 40601 and certify that this same day I have served the parties by mailing a true copy of same, postage prepaid, to those listed below.

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Supplemental Request of
The Attorney General to
Union Light, Heat and Power
Case No. 2004-00503

1. Please reconcile the response to PSC 1-16b. in which it is stated that “Customers who sign up are doing so knowing the price, the fees and the fact that it is not intended to offer the lowest annual costs.” with:

a. the results of the pilot study done in the PSI territory among Cinergy employees which found that participants were eager to compare to see whether they had saved money (Response to PSC 7, page 3 of 9 where an employee pilot participant is quoted as saying “It is hard to compare and see if I saved money...”); that participants indicated the belief that a lower rather than higher bill was expected (Response to PSC 7, page 3 of 9 where an employee pilot participant is quoted as saying “My bill went up...I could not see the benefit and I did not know why it went up.”); and, that participants “would like some means for calculating their bill to confirm the financial benefits of the program.” (Response to PSC 7, page 4 of 9);

b. the results of the pilot survey indicating that 11.9% of the participants participated in the Fixed Bill Pilot to save money and 5.6% participated to delay the price impact of a pending PSI rate increase (Response to PSC 1-7, pp. 4-5 of 9);

c. the results of the pilot survey indicating that there would be a preference for the fixed bill over the budget bill due to “rate savings” (Response to PSC 1-7, p. 5 of 9, question 8); and

d. the fact that customers were frustrated by their inability to compare the fixed bill to their actual usage as evidenced by the quote from one participant saying “Not really knowing the usage...I’m not sure if I’m saving or not.” (Response to PSC 1-7, page 6 of 9).

2. Is there any correlation between the income levels noted in response to question 23 on page 9 of 9 of the Response to PSC 1-7 and the expectation of savings by participation in the fixed bill?

3. In response to PSC 1-8, it appears that the \$50 administrative fee proposed by ULH&P to be charged to any customer it involuntarily removes from the rate or who voluntarily chooses to exit the rate in mid-term is nearly double that of any other termination fee charged by any other utility offering a version of a fixed bill. Please explain in detail the reason for that difference.

4. Please provide a copy of the proposed order submitted by the intervening parties on 1/28/05 and all “final documents” provided to the IURC in connection with the PSI fixed bill filing in Indiana referenced in response to PSC 1-9.

5. With respect to the response to AG 1-1b.: Does the settle-up amount under annual budget billing fall within an average range of the amount of the budget bill? By way of example, with no claim to accuracy, could it be predicted, for instance, that if a customer's budget bill is \$100 per month, the average settle up bill will be in the range of a credit of \$100 or an added charge of \$100? If so, what is the range?

6. With respect to the response to AG 1-1b.: If there is no means by which to model annual budget bill settle up amounts can be predicted with reasonable accuracy, how can the fixed bill be modeled with sufficient accuracy to reflect predicted usage and the cost of that usage?

7. With respect to the response to AG 1-4: What consultant was used with reference to advising the company on the modeling of expected energy usage and marketing to ULH&P's gas customers? Please detail the experience of the consultant with respect to modeling expected energy usage for gas as opposed to electricity.

8. With reference to the responses to AG 1-31-35: ULH&P proposes to reserve the right to remove a customer from the fixed bill rate in the event of an increase in usage over expected of 20%. Reviewing the information provided for other utilities offering flat bill programs, involuntary removal occurs only with three consecutive months of increase in usage over expected of 30%. Please explain why ULH&P's proposal is preferable.

9. With reference to the response to AG 1-46 and AG 1-4: Growth through the addition of appliances is referenced in the O'Sheasy presentation as one of the reasons a utility would offer a flat bill option. Do added appliances contribute to peak usage times?

10. With reference to the response to AG 1-46, when speaking of most of the growth being off-peak, exactly what definition of peak is being used?

11. Please provide all evidence in ULH&P's possession or provided to ULH&P by its consultant to support the assertion that most of the growth is off-peak.

12. Assuming a definition of peak usage for residential customers that considers all power used between the hours of 6 A.M. and 10 A.M. and 4 P.M. and 10 P.M. to be peak usage. What is the anticipated impact of:

a. keeping the heat or cool at higher or lower levels, respectively, to increase comfort on the duration and level of peak?

b. utilizing more appliances and/or lighting or appliances and/or lighting for longer periods of time on the duration and level of peak?

c. Would the usage described in a. and b. hereof be considered off-peak use as that term is used by ULH&P in describing anticipated off-peak growth?